

UNITED STATES DISTRICT COURT

DISTRICT OF MINNESOTA

IN RE BANC OF CALIFORNIA
SECURITIES LITIGATION,

Case No. 0:18-mc-0076-WMW-KMM

**DECLARATION OF JAMES GIBSON IN SUPPORT OF MEMORANDUM
OF LAW IN OPPOSITION TO STEVEN SUGARMAN'S MOTION TO COMPEL**

I, James Gibson, declare as follows:

1. I am the principal and manager of Castalian Partners Value Fund LP (“Castalian Partners”).

2. I make this declaration based upon my personal knowledge of the facts set forth herein, upon information supplied to me by others associated with Castalian Partners, and upon my review of relevant documents. If called upon to testify, I could and would testify competently to the facts set forth herein.

3. I do not own, and am not affiliated with, any entity named “James Gibson, LLC.” To the best of my knowledge, no such entity exists.

4. While Castalian is often a long term investor in businesses it finds attractive, it also engages in the short sale of securities of companies that it believes are overvalued or led by dishonest managers.

5. Short selling is an entirely legal trading strategy, and, as detailed in academic literature on the topic, it provides an important service and benefit to the markets by exposing corporate malfeasance and fraud and keeping prices closer to

fundamental values when companies make misleading public statements. A true and correct copy of one example of an academic researcher articulating the benefits of short selling to the market is attached as **Exhibit 1**.

6. Castalian Partners' research and the reasons for investment and trading decisions are proprietary and highly confidential. The investment process of investment firms, including their research, analysis, communications, strategy, and transactions, constitute highly coveted trade secrets.

7. As a manager of client funds, Castalian safeguards its clients' privacy rights through, among other things, privacy policies and other written assurances to its clients.

8. On August 23, 2016 and September 7, 2016, respectively, Bloomberg News published two online articles that raised a series of red flags, including questions about Steven Sugarman's ties to Jason Galanis. True and correct copies of these Bloomberg News articles are attached to this declaration as **Exhibit 2**.

9. After Banc of California's stock price began to fall in the wake of these Bloomberg articles, I made, on behalf of Castalian Partners, the informed business decision to take a short position on Banc's stock. Castalian Partners first opened a short position in Banc stock on August 30, 2016 – *i.e.*, a week after the publication of the first Bloomberg News article profiling Steven Sugarman. Subsequently, Castalian Partners added to its short position and purchased options throughout September 2016. Contrary to Mr. Sugarman's suggestion, Castalian Partners also purchased options expiring in January and November (not just October).

10. These decisions by Castalian Partners were based upon a comprehensive market analysis that included a review of these articles and other publicly-available resources that demonstrated Mr. Sugarman's ties to Jason Galanis.

11. Castalian Partners and I have never taken any long equity position in Banc of California stock. Nor did either party otherwise engage in any trading activity aimed at profiting from a subsequent stock price rebound after the blog post was published.

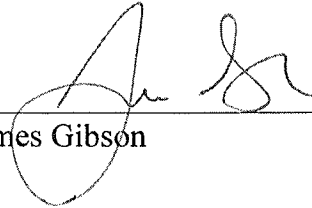
12. Castalian maintains its short position in Banc stock today.

I declare under penalty of perjury under the law of the United States that the foregoing is true and correct.

Dated: October 12, 2018

s/

James Gibson

A handwritten signature in black ink, appearing to read 'James Gibson', is written over a horizontal line. The signature is stylized with a large 'J' and a cursive 'G'.

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